

May 12, 2011

# UTAH DISTRICT NEWSLETTER

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## Save the Date:

May 17, 2011  
Women's Business Center  
Championship Organization  
Real Salt Lake/Rio Tinto Stadium  
11:30 am—1:00 pm  
Contact: (801) 364-3631

May 18, 2011  
Salt Lake SCORE Workshop  
Salt Lake County Building Complex  
Salt Lake City, UT  
8:30 am to 4:30 pm  
Contact: (801) 746-2269

May 25, 2011  
8(a) Orientation—SBA Office  
125 South State Street, 2nd floor  
Salt Lake City, UT  
10:00 am to 11:30 am  
Contact: (801) 524-6831



Your Small Business Resource

## Financial Literacy Basics for Prospective Small Business Owners



Daniel P. Hannaher  
Regional Administrator  
Region VIII

### What to Know Before You Take the Plunge

What should entrepreneurs be aware of before they decide to devote a considerable amount of time, effort and resources to a small business start-up? Given April is National Financial Literacy Month, here are ten financial literacy 'hot buttons' for new entrepreneurs and prospective small business owners to consider:

### Know Your Own (and Your Family's) Tolerance for Financial Risk.

There are no assurances there will be either short or long-term financial stability, so everyone involved in the start-up should have the emotional and financial capacity for a high level of uncertainty. Also, using personal savings, a 401(k) or other retirement plan monies is a serious decision that one must carefully consider if there's a potential for loss of funds.

### Learn How a Legal Business Structure Can Impact Your Future Tax Liability.

There are different tax advantages associated with formal corporate structures that accrue to both the company and the owners, and tax law changes nearly every year. Discussing the available business structure options with a qualified accounting or legal professional can help determine the best course of action when forming the business.

### Understand How Much Money it REALLY Takes to Start Your Business.

Unfortunately, most all start-up projections for revenue growth are too optimistic, expenses are underestimated, and anticipated break-even timeframes are too short. A good plan is to double the projected cost to get to breakeven, and triple the timeframes. Being prepared for a possible worst case scenario is good financial insurance against running out of time and money on the cusp of success.

rectly relate to revenue generation is one of the keys to financially managing a start-up. Every start-up expense should answer the question: "How does this contribute to the bottom line and get me closer to break-even?"

### Learn When it Makes Sense to Use Business Credit.

Business credit should be considered only when the money received can be used for either of two purposes: increase revenues, or reduce the costs of doing business. Business credit should not be used to maintain a desired lifestyle, provide for the owner's salary, or for anything that cannot be directly tied to bottom-line results. In some cases, scaling back a start-up is a wiser choice than incurring business debt.

### Understand the Relationship Between Your Credit History and Business Lending.

Lenders are literally 'banking' on the owner's prospects for success, and how an owner has managed their own personal finances to that point is an important indicator. Even a compelling business plan may not overcome an owner's poor or marginal credit history. After a year or two, availability of a business loan is more likely to be based on the company's credit and operational histories.

### Learn How to Record and Track Business Income and Expenses.

First, accountants can only work with what they see. If it's not recorded, it didn't happen. Second, accurate records enable a business owner to gauge the financial health of the business through the use of ratios and other financial measurements. Having at least a basic computer-based financial system (i.e. like QuickBooks or equivalent) and keeping up with regular data input is a must.

### Learn How to Read, Interpret and Use Business Financial Statements.

The Income Statement, Balance Sheet and Cash Flow Statement each tell a different part of the story about the company's financial condition. Together, they can be used to find company weaknesses and strengths. Ratios derived from various sections of the financial statements provide clues to where a business

owner needs to implement corrective actions before a situation becomes serious.

**Understand How Cash Flow Keeps a Business Alive.** A business can be profitable on paper, yet fail from a lack of cash flow. Important aspects of cash flow include the timing of accounts payable and receivable, inventory turnover, fixed expense loads and other areas. Without a solid foundational knowledge of such areas, a business owner is handicapped in terms of actually managing the company's cash.

**Understand the Financial Implications of a New Hire.** Two major questions should be answered before anyone is hired: "How will they enable the business to increase revenues, or How will they enable the business to be more efficient?" (i.e. more productive). Quantifying these areas will help determine if a potential new hire is really worth what you will pay them in wages, benefits and training time. Avoiding the temptation to hire too soon is one of a business owner's major challenges.

As the economy continues to recover from the recent Recession, a business owner's financial literacy is as crucial to the prospects of a business as it would be to any one of us in managing our personal financial affairs.

## Regulatory Fairness for Small Business

On June 13<sup>th</sup> the National Ombudsman, Esther Vassar, will be in Utah. The Utah District Office will hold a roundtable meeting with partners, the lending community, and small business owners to discuss unfair regulatory enforcement by federal agencies.

Esther H. Vassar was appointed National Ombudsman and Assistant Administrator for Regulatory Enforcement Fairness for the U.S. Small Business Administration in August 2009. Ms. Vassar brings first hand experiences that will greatly enhance the communication and relationships between small businesses and federal regulatory agencies.

If excessive fines, penalties or unfair regulatory enforcement by federal agencies are problems for your small business, you have a voice in Washington, D.C. through the U.S. Small Business Administration's Office of the National Ombudsman. Acting as a "troubleshooter" between small businesses and federal agencies, the National Ombudsman receives comments and complaints from small businesses. The comments and complaints are then directed to the appropriate federal agency for a high-level review.

### To report excessive or unfair regulatory enforcement:

Complete the Federal Agency Comment Form found online at [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman).

### What to include in your comment form:

- Describe the enforcement or compliance action, inspection or review activity and its results;
- Provide documentation of any enforcement action taken by the federal agency; and
- Briefly explain how the federal agency could have served your business better.

For more information go to [www.sba.gov](http://www.sba.gov) or contact Mike Stransky, SBA Regional Small Business Regulatory Fairness Board Member at (801) 521-8600.



## 2011 Utah District Small Business Person of the Year



Andrew Caprio  
President

In 1997, while working for a medical equipment rental firm, Andrew G. Caprio realized he would likely need a back-up plan if the company's fortunes changed and management decided to shut down his department. A short time later, Andrew read a notice in the newspaper about a small business start-up workshop taught by SCORE (Counselor to America's Small Business), a resource partner of the Small Business Administration.

Andrew took SCORE's workshop and learned the importance of a well-crafted business plan. He drafted a business plan for a medical equipment business and met with a SCORE counselor to complete it.

In August 2000, as foreseen, Andrew's department was eliminated. However, he had his business plan and felt he could succeed in his own business. With many prayers, his wife's unflagging support, and SCORE's encouragement, Andrew incorporated and started sourcing, marketing and reselling reconditioned, certified and warranted portable medical equipment to hospitals and other health care facilities across the United States.

With continued help from SCORE, a start-up micro-loan, six SBA health care industry, Andrew has been able to offer over 1,200 clients superior product, thus enabling him to call his company Monet Medical equipment reconditioning is an art.

*"Where equipment  
reconditioning is an art"*

loans, and a background in the health care industry a cal, because he is convinced

Within two short years of starting the company, Andrew realized an increase of 130% in gross sales and an increase of approximately 185% in net income. After a decade of steady growth the company purchased a 16,000 square foot building in early 2010 with an SBA 504 loan to accommodate the growing need for additional employees and reconditioning equipment.

Continually looking to expand on his success, Andrew has hired an international sales manager as the company prepares to engage in exporting reconditioned medical equipment.

Beyond growing a successful small business, Andrew gives back to the community. Andrew is an annual financial contributor to the Salt Lake SCORE Chapter and has volunteered to be a feature speaker at many SCORE events.

For the community's youth, Andrew is an avid supporter of the local Boy Scout organization and has donated to outfit medical facilities at Boy Scout camps. He also donates his time serving in a Scouting leadership position. Andrew oversees nine Boy Scout units serving over 350 young men and personally coaches 32 Life Scouts progressing toward Eagle Scout.

Going from worrying about having a job, to creating a company that supports 20 employees, 1,200 customers, and has risen to be among the top ten in its industry is Andrew Caprio's own piece of fine, handcrafted art.

## Women's Business Center

### Business Women's Forum Luncheon

#### Building a Championship Organization

**Date:** 5/17/2011

**Time:** 11:30 am - 1:00 pm

**Location:**

REAL Salt Lake/

Rio Tinto Stadium

9256 South State Street

Sandy, UT 84070

**Phone:**

(801) 364-3631

## RESOURCE PARTNER'S PAGE

### Small Business Development Center—SBDC

#### Managing a Business

Salt Lake SBDC

Salt Lake Community College

9750 South 300 West

Sandy, UT 84070

This course covers 3 elements of business strategy that all businesses need to succeed.

**Speaker:** Curt Porritt

**Co-Sponsor:** Mountain America Credit Union

**May 18, 2011**

6:00 pm—9:00 pm

**Fee:** \$75.00

**For more information call:**

(801) 957-5200

#### Tax Planning

Salt Lake SBDC

Salt Lake Community College

9750 South 300 West

Sandy, UT 84070

IRS, Tax Commission, Workforce Services & Labor Commission will help small businesses with employees, learn about withholding income for federal and state taxes, social security, worker's compensation, unemployment compensation.

**May 19, 2011**

8:00 am—5:00 pm

**Fee:** Free

**For more information call:**

(801) 957-5441

#### Marketing and Sales

Ogden SBDC

Wattis Business Building

3806 University Circle, Rm 218

Ogden, UT 84408

Introduction to Marketing

**Speaker:** Jared Van Orden

**May 28, 2011**

10:00 am—12:00 pm

**Fee:** Free

Please pre-register

**For more information call:**

(801) 626-7232

## Women's Business Center

### Business Essentials Training Grant Writing

**Date:** 5/25/2011

**Time:** 2:00 pm—5:00 pm

**Location:**

Salt Lake Chamber

Eccles Room

175 East 400 South,

#600

**Cost:** \$25 per person

## SCORE "Counselors to America's Small Business"

### How to Start and Operate a New Business Workshop

Sponsored by Salt Lake County Department of Economic Development

**No Fee to Attend**

**May 18, 2011**

8:30 am—4:30 pm

**Location**

Salt Lake County Building Complex

2001 South State Street

South Building, Room 2600

Salt Lake City, UT

**For Information contact:** (801) 746-2269

- **The Business Plan**
- **Choosing the Best Legal Organization**
- **Financing Your Business**
- **Recordkeeping and Taxes**
- **Insurance**
- **Marketing and Advertising**

LENDER	April Loan Numbers	April Total Dollars	YTD Loan Numbers	YTD Dollars
ALLIANCE COMMUNITY FCU	3	\$166,200	13	\$676,200
AMERICA FIRST FCU	2	\$50,000	26	\$775,500
AMERICAN BANK OF COMMERCE D/B/A AMBANK	0	0	10	\$8,094,500
AMERICAN BANK OF THE NORTH	0	0	1	\$180,000
AMERICAN NATIONAL BANK	0	0	1	\$193,400
BANK OF AMERICA	1	\$2,500,000	1	\$2,500,000
BANK OF AMERICAN FORK	4	\$1,181,000	24	\$6,509,000
BANK OF THE WEST	0	0	2	\$504,100
BANK OF UTAH	1	\$105,000	5	\$1,339,000
BEEHIVE CU	0	0	0	0
BORREGO SPRINGS BANK, N.A.	0	0	1	\$405,000
BRIGHTON BANK	1	\$65,200	7	\$1,516,000
CACHE VALLEY BANK	0	0	1	\$42,300
CAPITAL COMMUNITY BANK	0	0	2	\$307,600
CELTIC BANK CORPORATION	0	0	38	\$34,073,100
CENNTENNIAL BANK	0	0	0	0
CENTRAL BANK	4	\$454,400	28	\$4,793,900
CHARTWAY FCU	3	\$60,300	12	\$460,500
COMMUNITY W. BANK NATL ASSOC	0	0	0	0
COMPASS BANK	1	\$370,000	1	\$370,000
CYPRUS FCU	0	0	1	\$35,000
EASTERN UTAH COMMUNITY FEDERAL CU	0	0	1	\$248,000
EXCEL NATIONAL BANK	0	0	0	0
FIRST BANK & TRUST CO.	0	0	0	0
FIRST CHATHAM BANK	0	0	1	\$301,000
FIRST NATIONAL BANK OF LAYTON, THE	0	0	7	\$6,743,500
FIRST UTAH BANK	1	\$800,000	8	\$4,978,000
FRONTIER BANK, FSB	0	0	0	0
GOLDENWEST FCU	1	\$50,000	4	\$215,000
GRAND VALLEY BANK	0	0	2	\$125,000
GRANITE FCU	0	0	0	0
HORIZON UTAH FCU D/B/A HORIZON CU	1	\$10,000	3	\$45,000
JORDAN FCU	0	0	5	\$306,500
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	11	\$775,100	42	\$13,379,500
KEYBANK NATIONAL ASSOCIATION	5	\$181,000	17	\$4,434,000
LEWISTON STATE BANK	0	0	0	0
LIBERTY BANK, INC.	1	\$225,000	5	\$1,180,000
LIVE OAK BANKING COMPANY	0	0	3	\$3,723,000
MEADOWS BANK	0	0	2	\$510,500
MOUNTAIN AMERICA FCU	24	\$4,245,000	101	\$9,853,600
MOUNTAIN WEST BANK	0	0	1	\$25,000
MOUNTAIN WEST SMALL BUSINESS FINANCE	15	\$5,820,000	100	\$54,571,000
NATIONAL BANK OF ARIZONA	2	\$359,000	2	\$359,000
PRIME ALLIANCE BANK	0	0	0	0
PROFICIO BANK	0	0	2	\$1,297,000
SPIRIT OF TEXAS BANK, SSB	0	0	2	\$379,800
STATE BANK OF SOUTHERN UTAH	3	\$194,500	31	\$1,854,000
SUNFIRST BANK	0	0	1	\$2,000,000

LENDER	April Loan Numbers	April Total Dollars	YTD Loan Numbers	YTD Dollars
SUPERIOR FINANCIAL GROUP, LLC	1	\$5,000	9	\$107,500
THE VILLAGE BANK	0	0	1	\$561,000
U.S. BANK NATIONAL ASSOCIATION	3	\$45,000	23	\$11,430,600
UNITED CENTRAL BANK	0	0	0	0
UNITED MIDWEST SAVINGS	0	0	1	\$719,600
UNIVERSITY FIRST FCU	2	\$75,000	9	\$1,225,000
USU CHARTER FCU	0	0	1	\$150,000
UTAH CERTIFIED DEVELOPMENT COMPANY	5	\$961,000	36	\$17,190,000
UTAH COMMUNITY FCU	0	0	0	0
UTAH FIRST FCU	0	0	2	\$65,000
VECTRA BANK	0	0	3	\$786,100
WELLS FARGO BANK, NATIONAL ASSOCIATION	1	\$60,000	33	\$11,216,100
WESTERN COMMUNITY BANK	2	\$5,793,800	3	\$5,860,800
YELLOWSTONE BANK	0	0	1	\$5,000,000
ZIONS FIRST NATIONAL BANK	69	\$9,703,900	356	\$52,241,600
<b>TOTALS</b>	<b>167</b>	<b>\$34,255,400</b>	<b>992</b>	<b>\$275,856,800</b>